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Kindschi recalls the final days of crumbling firm

from page one

gations.

He says he gave information about Rewald when questioned by investigators and grand juries, but didn't initiate the criminal complaint against his close friend, who was at that moment lying in a hospital bed recovering from a suicide attempt.

"That was the week after, and I didn't have all the facts arrayed in my mind. I had great concerns, but at that time I probably had more compassion than anything else for Ron. I just had to give him every advantage, every benefit of the doubt."

He said he even had Griffith contact Rewald's attorneys, Smith and Brook Hart, to let Rewald know that he had not "brought charges" against Rewald.

Kindschi's account of himself in the investigation is borne out by the police and prosecution, who say they selected Kindschi because they could tell he would be a good witness.

As for the \$140,000 "withdrawal," Kindschi says he received the money but didn't ask for it. The money came up in two emotional conversations with Rewald, Kindschi says.

When he went up to the hospital July 31, two days after the suicide attempt, Kindschi recalled, Rewald merely "rolled his eyes and shook his head. I gave him a lecture about the sanctity of life and how precious life is. I felt like a very small 'c' Catholic and said, 'Gee, Ron, maybe this

will make you a better Catholic.' I felt at that time he needed a little preaching to.

"I asked him if he could meet the payroll, and what if there was an investor run? He said, 'We can handle that; we'll have to liquidate some assets . . . That's why I gave you the \$140,000, to tide you over.' " Kindschi said Rewald told him to get in touch with Sunlin Wong, president of Bishop Baldwin, and tell him to shut down the company for 30 days, and Kindschi did.

A week later, Kindschi said, Rewald telephoned him from the hospital. "And I got on and he said, 'When I get out of the hospital, I've got to talk to you privately.' And I said, 'Well, okay, it's going to be difficult.' And then I started in: I said, 'Ron, what the hell are you doing, you've made such a mess of everything?' He broke down and started crying and hung up."

Another week passed and, Kindschi says, he got another call from Rewald, who was then in prison. Kindschi recalls Rewald saying, "I don't have much time but listen, I've got to get my bail reduced and I'm going to tell them that you requested the \$140,000 when you came over for that Thursday night the 28th." Kindschi said he was "dumbfounded, just speechless, and I said something like, 'You know I'm in enough trouble now, Ron,' " still worried the investigators were coming after him.

"He repeated, 'Remember, you requested the money July 28.' Then I got on his ear again, or on his case, and said, 'You know, you really — Ron, I can't believe what

you've done' and he started crying and hung up."

Kindschi says he turned to his wife and exclaimed: "What's he trying to do, get me to perjure myself?"

Rewald denies Kindschi's account of the telephone conversation from the prison, and says he never discussed that money with Kindschi.

Kindschi says he can recall nothing he may have said that would have given Rewald the impression he wanted to withdraw the money.

He had just deposited \$100,000, borrowed from GECC Financial with a Royal Iolani condominium as collateral. He says that brought the total he and his family had invested to close to \$400,000, including interest Rewald had promised.

Kindschi says he assumed Rewald paid him off to try to show that investors such as Kindschi were being paid their money on demand on Friday, July 29, and that there was therefore no reason for the subsequent bankruptcy.

Bankruptcy administrator Thomas Hayes says he has found a note in Rewald's handwriting instructing a company secretary to send \$140,000 to Kindschi and \$70,000 to another close friend and investor, Killian Bode.

The money, like all withdrawals within 90 days preceding the collapse, since has been claimed by Hayes, and Kindschi has returned it.

Conclusion tomorrow: Old friends, old enemies.